

## Board of Directors Meeting

06.12.2014



# Agenda

## 1. Organizational Matters

- Approval of April 17th Minutes
- Contracting Manual – Version 4.0
- IRS Form 990
- Future Board of Directors Meeting Schedule

## 2. Aquatic Facilities Retrofit Update

## 3. Executive Session

# Approval of April 17<sup>th</sup> Minutes



## MEETING MINUTES

RESOLVED, that the minutes of the meeting of the Board of Directors held on April 17, 2014, in the form previously provided to the members of the Board of Directors, be and hereby are approved.

## GENERAL

RESOLVED, that in order to fully carry out the intent and effectuate the purposes of the foregoing resolutions, any of the Trust's officers be, and each hereby is, authorized to take all such further actions, and to execute and deliver all such further agreements, instruments, documents or certificates in the name and on behalf of the Trust, and under its corporate seal or otherwise, and to pay all such fees and expenses, which shall in their judgment be necessary, proper or advisable and to perform all of the obligations of the Trust in connection with the foregoing resolutions.

# Contracting Manual – Version 4.0



- Added a notice informing finalists for unsolicited and collaborative proposal bids that they may request a meeting with CIT staff to discuss their proposal prior to the final bid.
- Grammatical edits.

# Approval of Updated Contracting Manual



WHEREAS, the staff of the Trust has recommended modifications and improvements to the contracting manual previously approved by the Board of Directors;

NOW, THEREFORE, BE IT RESOLVED that the Trust's contracting manual, in the form so modified as of the date hereof and presented to the Board of Directors, be and hereby is adopted and approved.

# Approval of IRS Form 990

WHEREAS, the Chicago Infrastructure Trust (the “Trust”) is required to prepare and file with the Internal Revenue Service a return for tax-exempt organizations on Form 990 for the 2013 calendar year (the “Form 990”);

WHEREAS, a draft of the Form 990 has been previously provided to members of the Board of Directors, and members of the Board of Directors have had an opportunity to review such draft with the Trust’s accountants and staff;

NOW, THEREFORE, BE IT RESOLVED, that the Trust’s Chief Executive Officer be and hereby is authorized and directed to execute and file the Form 990 in substantially the form provided to the Board of Directors for its review.

# Future Board of Directors Meetings Schedule



- The Trust has scheduled quarterly Board of Directors meetings on July 17<sup>th</sup>, 2014 and October 16<sup>th</sup>, 2014.
- The Trust will poll the Board of Directors to schedule quarterly meetings in 2015.
- In addition, the Trust will poll the Board of Directors to identify a date of availability in each month that does not have a quarterly Board of Directors meeting.

# Agenda

1. Organizational Matters

## 2. **Aquatic Facilities Retrofit Update**

- Context
- Summary
- Transaction Structure

3. Executive Session

# Pool Efficiency Retrofit



## Program description

- Perform comprehensive energy efficiency upgrades for approximately 141 aquatic centers managed by Chicago Public Schools and the Park District across 48 wards

## Catalyst

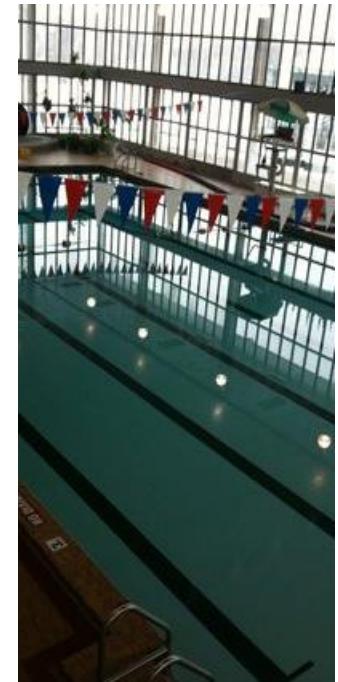
- Indoor aquatic centers consume a substantial amount of energy, both in the form of natural gas and electricity, 24 hours a day, 7 days a week, 365 days per year in order to maintain the appropriate operating conditions
- Managing an indoor pool area is very complex and requires ongoing monitoring and adjustment between the internal and external temperatures, humidity levels, structure types, ventilation, pool water chemistry and equipment
- Obtaining the most effective equipment requires a high up-front capital cost and managing such a system is not a core competency of either CPS or CPD

## CIT's Value

- CIT attracted an unsolicited proposal that includes an innovative idea as well as private sector capital and implementation
- CIT can engage in an Open Bidding Process with private firms and negotiate best value, including off-credit financing
- CIT can work across City Departments and Sister Agencies to aggregate pools

## Impact

- Achieves Mayor's 2015 Sustainability Goal #4 – Improve overall energy efficiency in municipal buildings by 10%
- Reduced operating costs and enhanced reliability of operations
- Leads by example in energy efficiency for other sectors across the City
- Demonstrates value of unsolicited proposal process



# Sequence of Events

- Unsolicited Proposal
  - Received: January 3, 2014
- Open Bidding Process
  - Opened: March 26, 2014
  - Closed: May 2, 2014
  - Purpose: Receive proposals from additional interested project bidders
- Additional Question Period
  - Opened: May 19, 2014
  - Closed: June 5, 2014
  - Purpose: Ask additional questions of all interested project bidders

# Schedule of Approvals

- 6 June – CIT / City leadership meeting
- 6 June – CIT / Schools leadership meeting
- 10 June – CIT / Parks leadership meeting
- 10 June – CIT / Water Dept. leadership meeting
- 12 June – CIT Board meeting
- 25 June – City Council Introduction
- 23 July – School Board meeting
- 21 - 25 July – City Council Finance Committee
- 28 - 31 July – City Council Meeting
- 13 August – Parks Board meeting (Post 30-Day Disclosure)
- 15 August – Execute Contingent IGA Documents
- 18 August – IGA begins

# Retrofit 2.0 Pools ESA Transaction Summary



Attribute	Description
<b>Tax-Exempt ESA structure (Energy Services Agreement)</b>	<ul style="list-style-type: none"><li>• Zero upfront and zero net cost</li><li>• Zero savings risk for Schools and Parks (save nothing, pay nothing)</li><li>• Off-credit for Schools and Parks</li><li>• Tax-exempt financing used</li></ul>
<b>Benefits</b>	<ul style="list-style-type: none"><li>• Evaluating upgrades in all (up to 141) School and Park facilities with pools</li><li>• Pools located across 48 wards</li><li>• Creates jobs</li><li>• Estimated 15-20% reduction in energy use annually in these buildings</li></ul>
<b>Savings</b>	TBD
<b>MBE/WBE Participation</b>	Meets or exceeds all City contracting criteria
<b>Status</b>	Pending Approval

# Key Differences from Retrofit One



- Investment Grade Audit included in transaction
  - Not yet completed
  - Goal is to do 141 pools
  - IGA inclusion creates less risk and cost for Trust, Schools, & Parks
- 1 Contractor, 2 Building Operators / 4 Property Owners
- Trust acts as Project Developer and Project Manager
- More industry standard methodology

# Trust Role

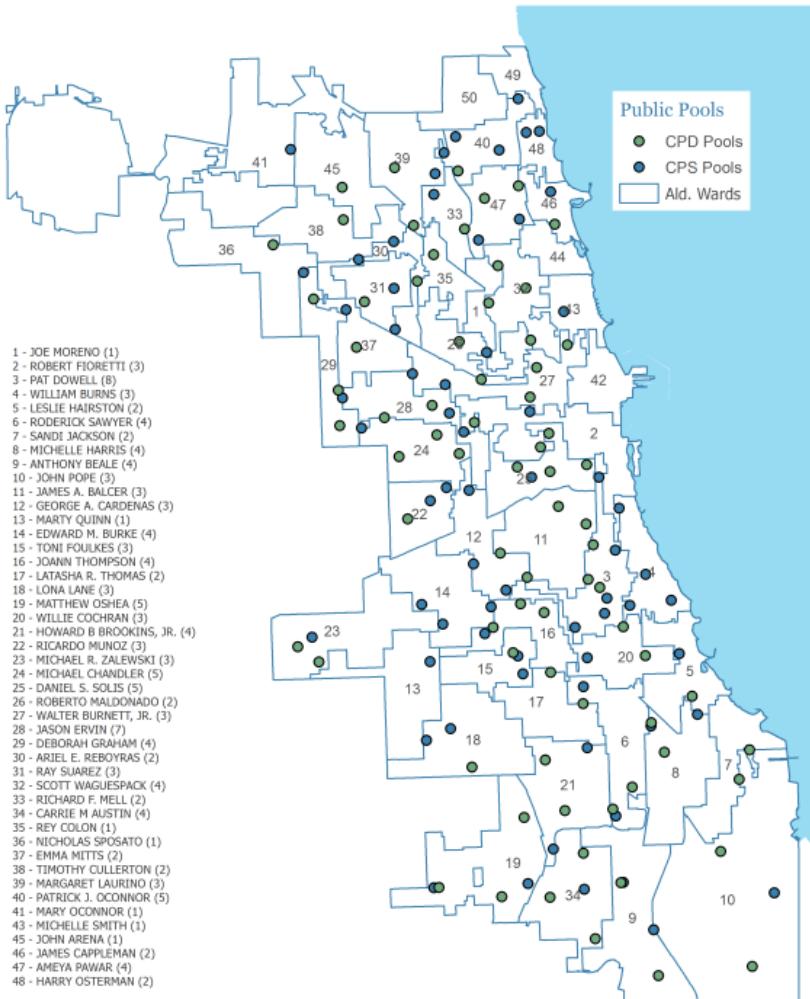


- Phase I Energy Audit Management
- Transaction Structuring
- Financing Placement Agent
- Contractor Selection
- Phase II IGA Management
- Construction Project Management
- Transaction Structuring
- Construction Project Management
- Billing and Reconciliation
- Project Owner
- Billing and Reconciliation

# Pool Maps

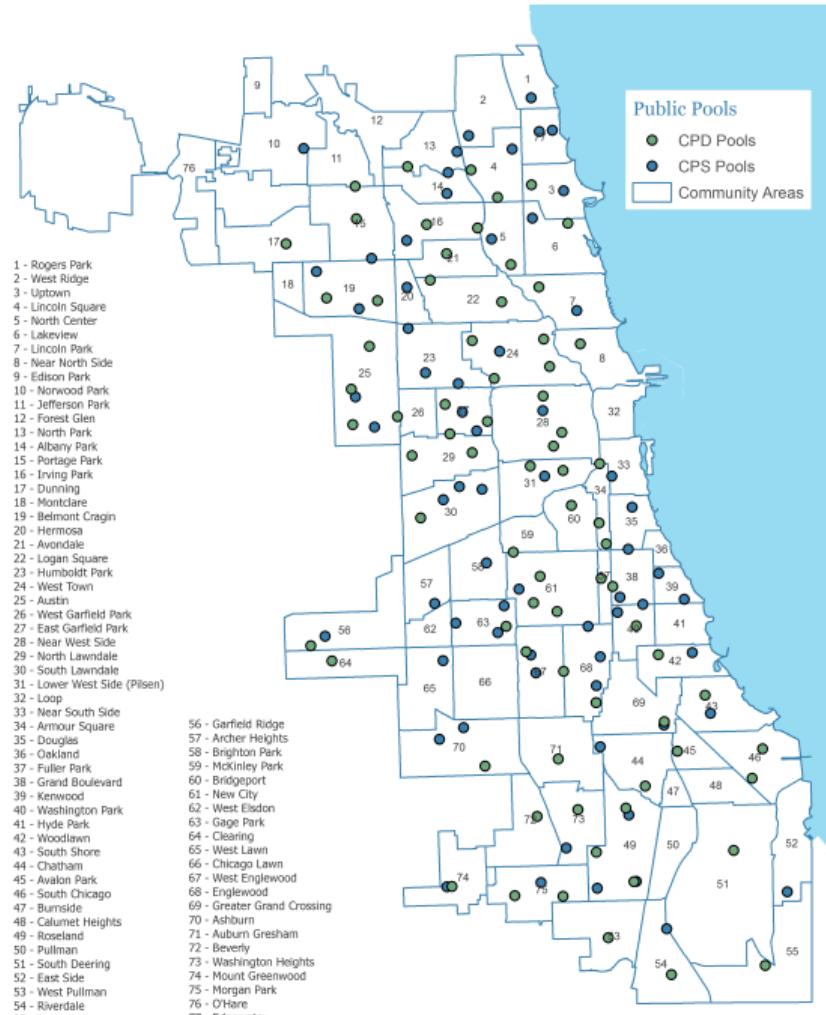


Chicago Public Pools by Aldermanic Ward



Source: Chicago Park District, Chicago Public Schools

Chicago Public Pools by Community Area

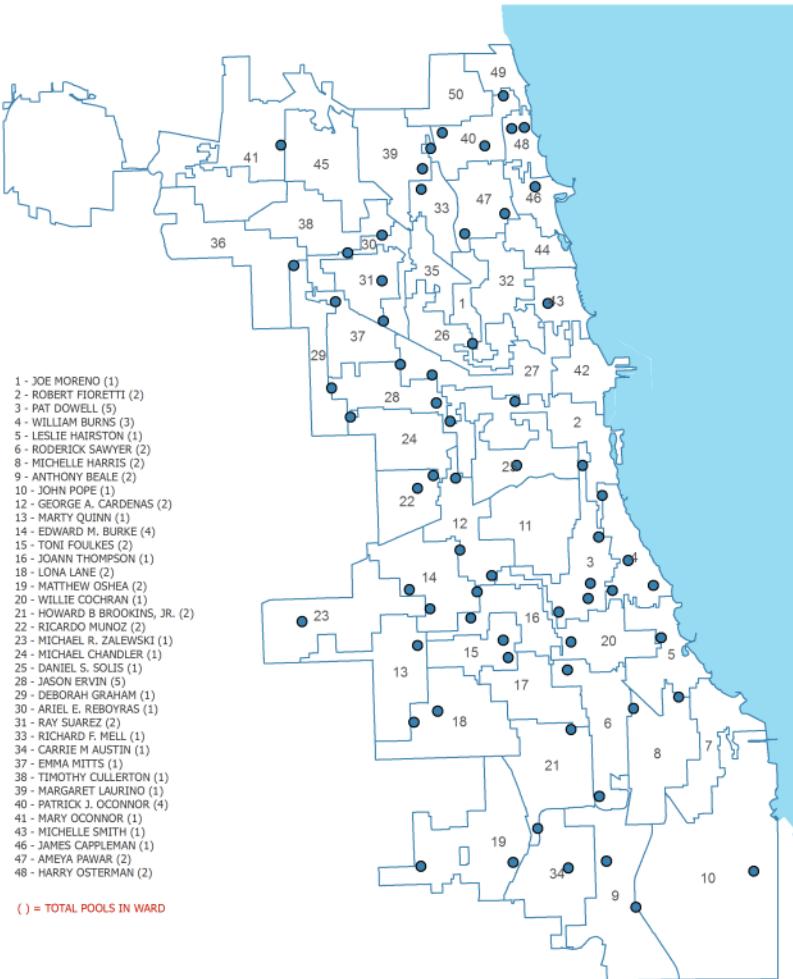


Source: Chicago Park District, Chicago Public Schools

# Schools Pool Maps

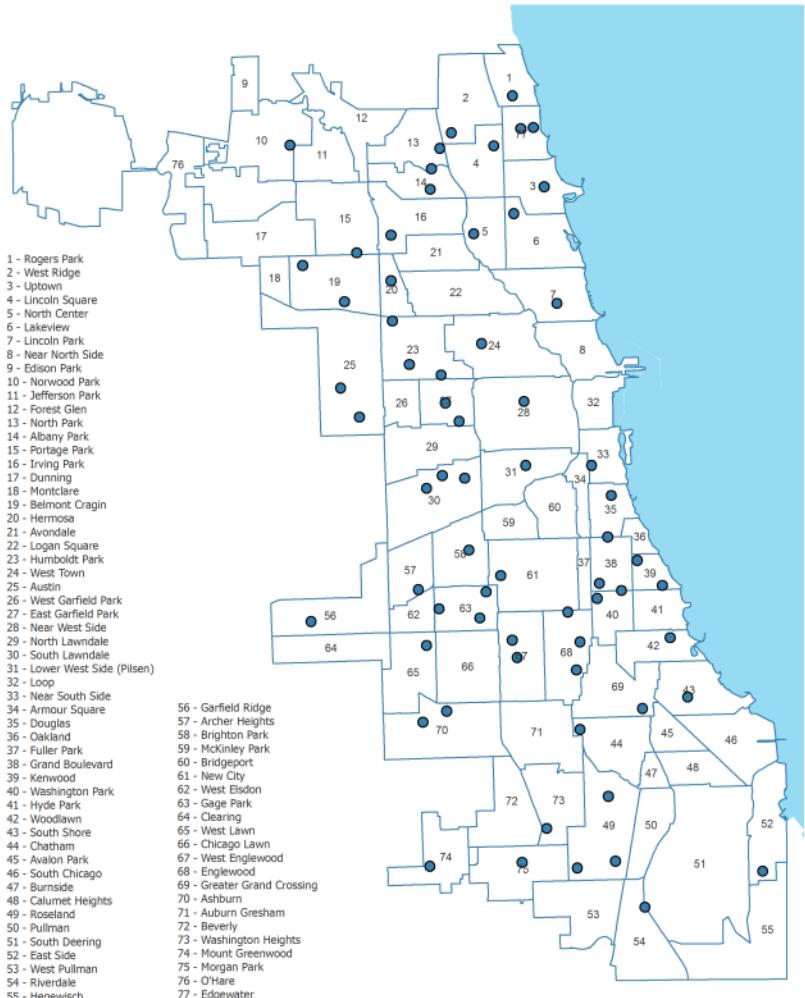


Chicago Public Schools Pools by Aldermanic Ward



Source: Chicago Public Schools

Chicago Public Schools Pools by Community Area

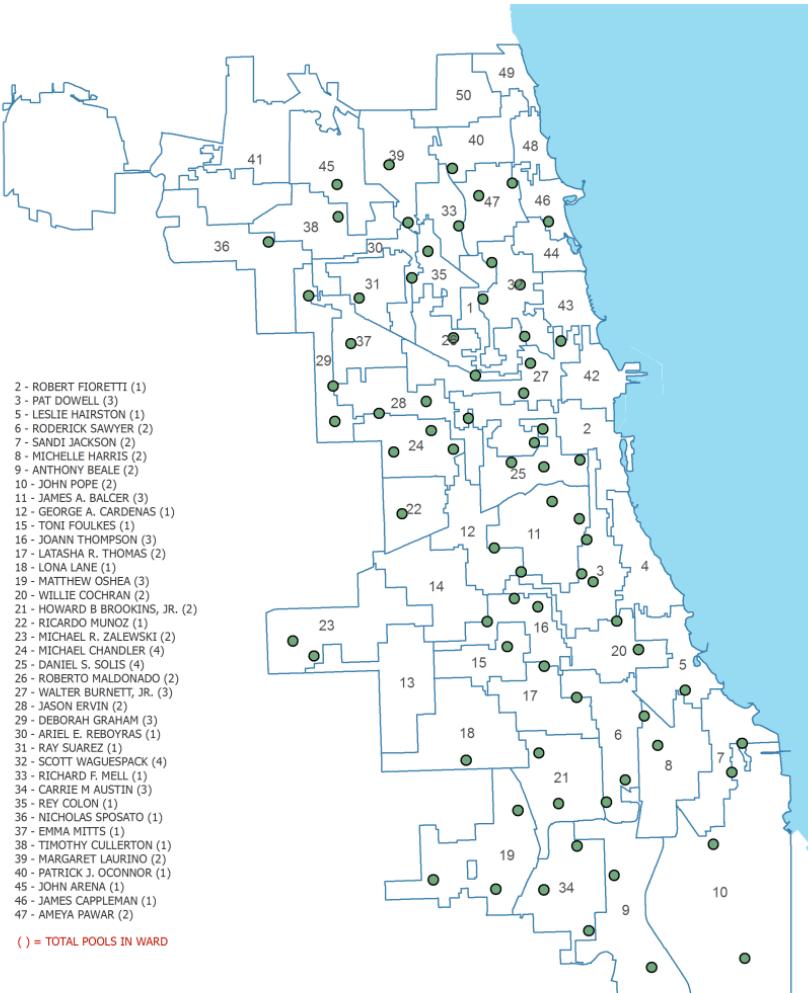


Source: Chicago Public Schools

# Parks Pool Maps

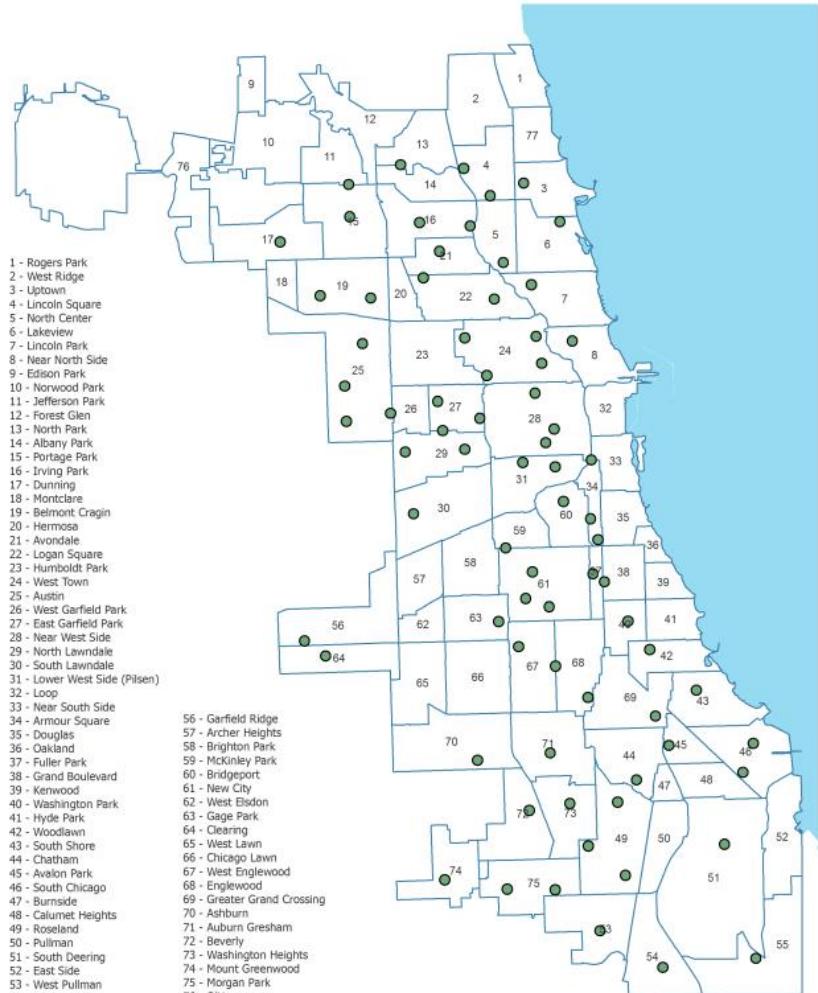


Chicago Park District Pools by Aldermanic Ward



Source: Chicago Park District

Chicago Park District Pools by Community Area



Source: Chicago Park District

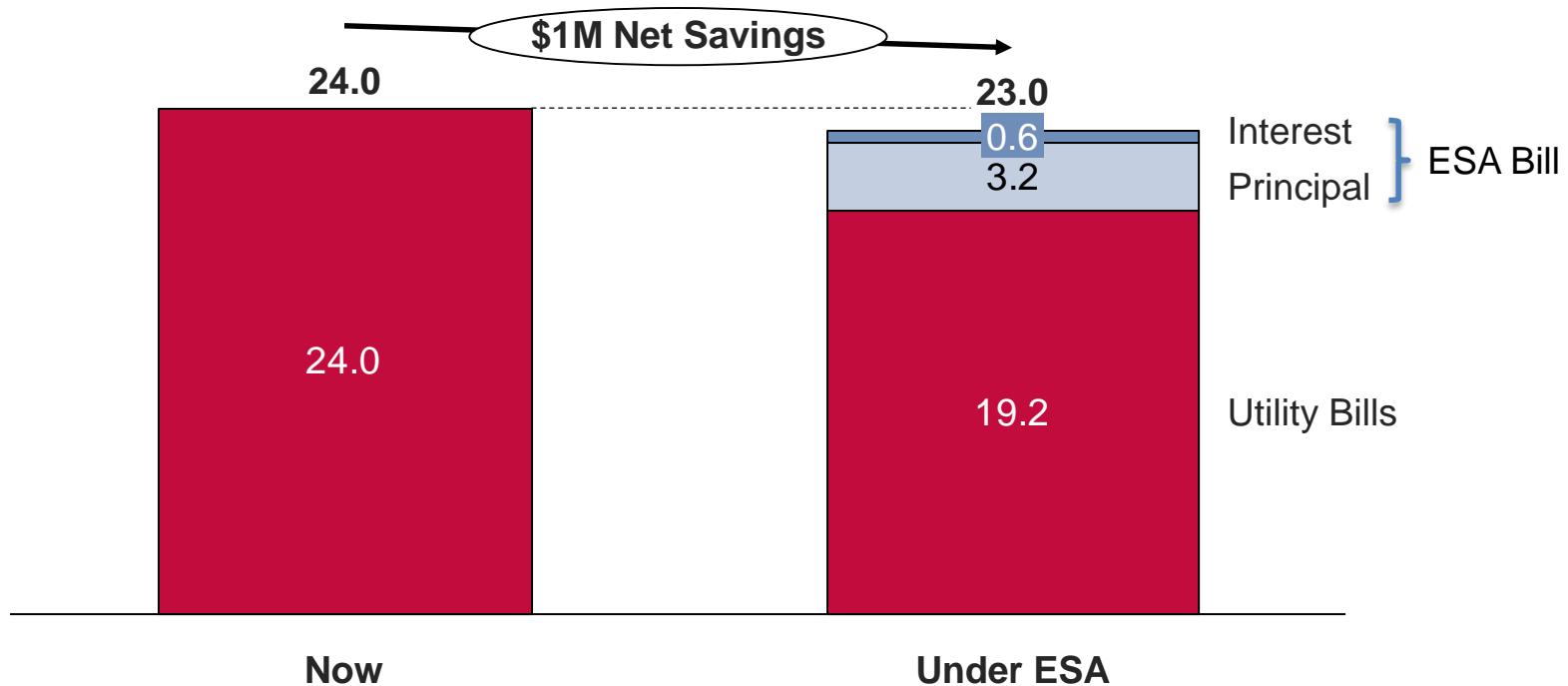
# Upgrades for Evaluation in IGA



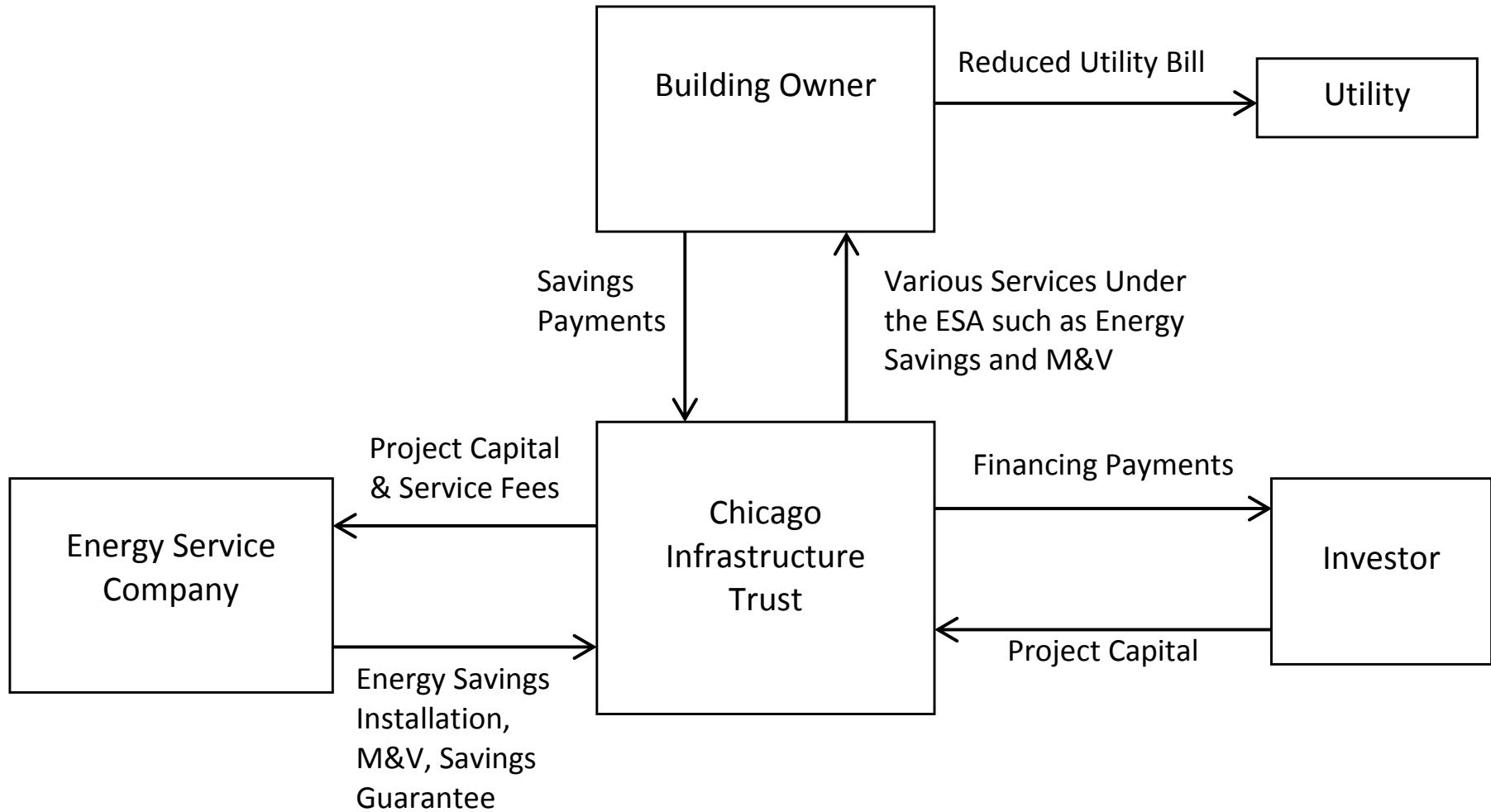
<b>Pool Efficiency</b>	Dehumidification
	Pool Covers
	Pump VFDs
	UV Pool Filter
	On-Site Chemical Feed System
	Automated Building Controls
	Pool Water Heat Recovery
	Air Duct Reconfiguration
<b>Facility Efficiency</b>	Heating System
	Cooling System
	Ventilation System
	Lighting System
	Water Efficiency & Conservation
	IT / Ops
	Building Envelope
<b>Solar Thermal</b>	
<b>Solar Photovoltaic</b>	
<b>Demand Response</b>	
<b>Combined Heat &amp; Power</b>	

# Net and Gross Annual Savings with ESA

## Example Energy Payments under ESA Model \$USD Millions



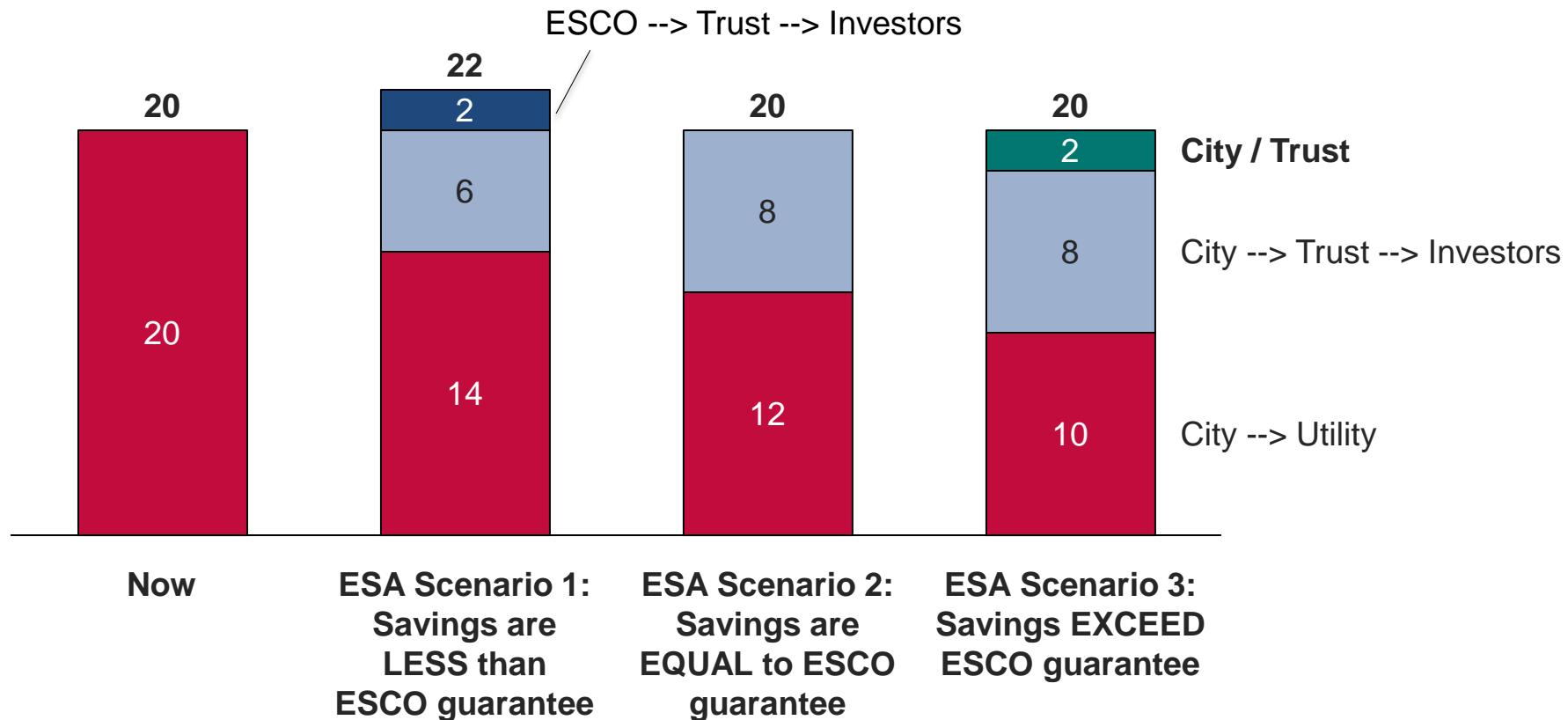
# ESA Structure – Representative Schematic



# City / Trust Keeps Potential Upside, Not Investors



**Diagram of Example Energy Payments under ESA Model**  
\$USD Millions



# Highlighted ESA Terms

- **Building Owners grant CIT and its subcontractors:**
  - Access to the building to perform ESA services
  - Ability to make additional improvements to increase savings
- **Building Owners billed a fixed percentage of energy saved**
  - Zero savings = zero payment
  - If savings shortfall, Contractor pays
  - If excess savings, City / Trust receives upside
- **CIT owns project assets**
  - CIT claims depreciation and/or tax credits
  - CIT maintains and insures the assets, or Building Owner can maintain and insure assets if such costs are reflected in the amount of savings payable by the building owner
  - Building Owners are precluded from removing or altering the project components
  - At end of term, CIT abandons project assets (necessary to establishing desired accounting treatment)

# Project Approval

- WHEREAS, the staff of the Trust has reviewed with the Board of Directors a proposed program to perform comprehensive energy efficiency upgrades of aquatic centers managed by the Chicago Public Schools, the Chicago Park District or another City of Chicago agency (the “Pools Project”);
- WHEREAS, the Board of Directors has determined that the Pools Project is a worthwhile undertaking and is within the proper scope of the Trust;
- NOW, THEREFORE, BE IT RESOLVED that the Pools Project be, and hereby is, authorized and approved, subject to such conditions and parameters as are hereafter imposed by the Board of Directors.